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November 12, 2013

**WRITTEN EX PARTE**

The Honorable Tom Wheeler  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC, 20554

**Re: In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board; Petition by Terral Telephone Company, Inc. For Waiver of 47 C.F.R. Sections 36.3, 36.123-126, 36.141, 36.152-157, 36.191 and 36.372-382 to Unfreeze Part 36 Category Relationships  
CC Docket No. 80-286**

Dear Chairman Wheeler:

I am writing to you about a waiver filed by my company that has been pending at the FCC since August, 2012, and to seek your help in getting it resolved. On August 2, 2012, Terral Telephone Company, Inc. (Terral) filed the above-captioned petition seeking a waiver of Sections 36.3, 36.123-126, 36.141, 36.152-157, 36.191 and 36.372-382 of the Commission's rules, as they relate to frozen category relationships, for the purpose of removing the category freeze from Terral. The waiver is essential to Terral's ability to continue to deploy broadband and to fulfill its carrier of last resort obligations.<sup>1</sup>

As shown in Terral's filings in this proceeding, at the time Terral made the election to freeze the category relationships, its costs were reflective of the frozen categorical relationships. However, as a result of Terral's financial investment in its network since that time, an ever increasing disparity between Terral's costs and the recovery of those costs has occurred. Waiver of the frozen category rules would allow Terral to keep its books in accordance with Part 36 and accurately account for its network investment. This would reduce significantly Terral's need for federal universal service support, consistent with the Commission's universal service reforms.

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<sup>1</sup> The Wireline Competition Bureau released a Public Notice requesting comment on Terral's petition by November 19, 2012 and reply comments by December 3, 2012. Accordingly, the comment cycle concerning Terral's petition is concluded and there should be no impediment to action on the petition by the Bureau.

On March 5, 2013, the Bureau notified Terral that it did not anticipate acting on Terral's petition in the near future. Rather, the Bureau indicated that it would wait for some action by the Federal-State Joint Board on the issue of frozen allocators before addressing Terral's waiver petition. To date, there has been no action on Terral's waiver Petition.

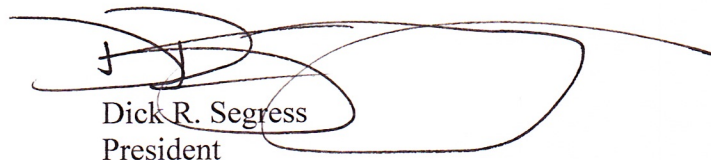
The Bureau also explained that although a similar waiver was granted to Eastex Telephone Cooperative, Inc., that waiver was addressed because it was pending at the Commission for over a year and was filed prior to the release of the USF/ICC Transformation Order. I do not understand the Bureau's rationale that Terral's waiver is different from the Eastex waiver because Eastex filed its waiver before the release of the USF/ICC Transformation Order and it was pending for over a year. Although the Eastex waiver was filed before the release of the USF/ICC Transformation Order, it was granted after its release and conditions were imposed on Eastex as a result of the USF/ICC Transformation Order. In any event, I note that Terral's waiver has been pending at the FCC for over a year.

I am a businessman interested in providing the best possible voice and broadband service as I can to my customers. The Commission's practice of continuing to extend the frozen category relationships far beyond the initial freeze period is seriously jeopardizing my ability to do so. And, the Bureau's refusal to consider Terral's waiver effectively precludes Terral's only recourse. Every day of inaction by the Bureau on Terral's waiver harms Terral and threatens its ability to continue to deploy broadband and to continue to provide voice service as the carrier of last resort in its service area.

The harm is continuing and significant. I note that the Commission asked the Joint Board to consider whether to allow carriers the opportunity to unfreeze category relationships in 2009, the state members of the Joint Board submitted a proposal to the Commission in 2010, and the Commission has never acted on that submission. This highlights the importance of the waiver process for carriers that can meet the standards for a waiver. Terral needs relief from the frozen category rules. The waiver process is supposed to be an available mechanism for such relief.

You have stated the importance of transitioning the communications network to broadband. Although Terral has started that process with its significant investment in broadband, the FCC's frozen category rules are hampering its ability to continue down this path and threaten Terral's operations. Terral's waiver merits prompt consideration by the Bureau and, therefore, Terral asks you to direct the Bureau to act on its waiver.

Sincerely,



Dick R. Segress  
President